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C O N F I D E N T I A L SECTION 01 OF 02 MUNICH 000257

SIPDIS

DEPARTMENT FOR P - STEPHEN MULL

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TAGS: [KNNP](#) [MNUC](#) [PARM](#) [IR](#) [GM](#)

SUBJECT: BAVARIA/IRAN: ABORTED BUSINESS TRIP EMBARRASSES
CHAMBER OF COMMERCE AND INDUSTRY

REF: SECSTATE 103218

Classified By: Consul General Conrad Tribble for reasons 1.4 (b) and (d)
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11. (C) Summary: A German business delegation cancelled an October 1 trip to Iran after interventions from the U.S. Consulate in Munich and the German government. The Chamber of Commerce and Industry (IHK) in Bavaria planned to send the delegation to Teheran on October 1 but cancelled on September 28 citing "Iranian mis-steps," including the recent Iranian rocket tests, the revelation of the uranium enrichment facility near Qom, and intentions by the Iranian government to "spin" the visit in the media. According to senior IHK representatives, political pressure from the USG, the Chancellor, and the German Foreign Ministry alone would "absolutely not" have dissuaded them from making the trip, which the IHK staunchly defended as being "perfectly legal." The Embassy was positively surprised by the level and seriousness of the German government's interventions from the MFA and the Chancellor's office that featured prominently in a detailed IHK chronology of conversations the IHK had in the days leading up to the decision not to go. Although they were loath to admit it, these must have affected the IHK decision to abort the trip. End Summary.

12. (C) Embassy Berlin Poloff was tipped off by an Israeli Embassy contact about an imminent trip to Iran by a Bavarian business delegation led by the Munich Chamber of Commerce and Industry (IHK). Immediately thereafter, on September 25, Consulate General Munich FCS chief called Alexander Hoeckle (Deputy Director of the Foreign Trade Department for the IHK) and told him that "timing of such a business trip could not be worse and that politically it sent all the wrong signals to the Government of Iran." By September 28, the IHK had cancelled the trip. On October 7, Consulate General Pol-Econ Chief and the Economic Specialist met Dr. Manfred Goessl (Director, International Economic Affairs and Deputy Chief Executive Officer of the IHK) and Hoeckle to reiterate USG concerns and to ask them "what were they thinking when they planned such a trip."

13. (C) Goessl (PLEASE PROTECT) confidentially shared a detailed chronology he had compiled, listing the various interventions from the Consulate, the German Ministry of Foreign Affairs (MFA), the German Ministry of Economics, Members of the Parliament, and the Chancellor's office at the highest levels, as well as from the Israeli Embassy and the press (faxed to Embassy Berlin on October 7 - please protect). Although he had documented every call over a period of days, he denied that they had had any influence on the group's decision. These calls included strong objections on September 22 from the MFA U/S for Commerce-equivalent von Fritsch, from the Chancellor's office

on September 28, and from Chancellor Merkel's National Security Advisor Heusgen, as well as from the American Consulate General Munich on September 25. Goessl added that the MFA had rescinded an invitation to the delegation to attend the German Ambassador's National Day reception in Tehran. All this pressure notwithstanding, Goessl insisted that "Iranian mis-steps" were the proximate cause for their backing out. The news of a second missile test on September 28 and the revelation of the uranium lab near Qom surprised the IHK, as did information that Iran was going to exploit the trip in the press. Concerns about a press angle were confirmed after a BILD reporter called IHK Munich and said the Iranian Embassy had announced the impending travel of the Munich group.

14. (C) Goessl stressed that the IHK was a "non-governmental, apolitical organization that served the interests of member companies," some of whom had requested the IHK to lead a delegation to Iran "to learn first hand about the situation in the country." Goessl refused to share the names or affiliations of participating business people, but he suggested they included Bavarian producers of "hotel bed pillows, medical equipment, and water management." According to the agenda shared with us by the IHK (faxed to Embassy Berlin, please protect), the group was scheduled to visit the German-Iranian Chamber of Commerce, German business representatives, the German Ambassador, the Iranian Chamber of Commerce and Mines, the Siemens power plant at Rudeshur, the Investment Office at the Iranian Ministry for Economics and Finance, the factory of a "Mamut Karaj," the mayor of Teheran, German press representatives in Iran, and representatives of the German-speaking Evangelische (Protestant) Church.

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15. (C) Goessl insisted that the "trip was perfectly legal" but he agreed with Poloff that, by the end, "it did not pass the smell test." However, he accused the federal German government of having a double standard. "On one hand, individual Germans may travel to Iran and do business, but on the other hand, this must be kept quiet and not disclosed to the public."

16. (C) Goessl stressed repeatedly that business ties were a good way to promote peace, that is, "change through trade" ("Wandel durch Handel"). Iranian businessmen "object to the regime because they have ruined the economy," Goessl said, suggesting these were good contacts now and in the future. Moreover, he reported that German businessmen with long-standing ties to small and medium sized Iranian business counterparts say, "It is important for us to stay in touch with these people. Should the situation improve within the next few years, companies will want new business with Iran. In that case, Iranians will remember having been left high and dry in difficult times." Goessl explained that the Munich IHK's strong ties with Iran go back years. For example, the IHK regularly organizes business administration seminars by professors from the University of Wurzburg and from the training school at Kempten for Iranian managers.

Comment

17. (C) The IHK was embarrassed and angry about the exposure and then cancellation of this trip, but they could have anticipated the crisis earlier if they had a sense of Realpolitik in things Iranian. The timing turned out to be terrible -- the delegation would have landed in Teheran on October 1 as their own government was sitting down at the table with Iran for P5 1 talks. It should have been clear that the GoI would try to exploit a visit at this point, and the size or importance of the businesses involved would not have mattered. It was also foreseeable that German media would accuse the Bavarians of "doing business with the Mullahs." The IHK has learned that its work in Iran has a

strong political component whether they like it or not.

18. (C) The Embassy was positively surprised by the level and seriousness of the German government's interventions both from the MFA and the Chancellor's office. According to IHK's own internal chronology, NSA-equivalent Heusgen told the IHK that "German businesses should not be going to Iran now, as it counteracts the ongoing negotiations," and even the MFA, von Fritsch said the trip was "politically undesirable"; he was the one who called the delegation to "un-invite" them from German national day celebrations at the Embassy in Tehran. End Comment.
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